

UPDATED INFORMATIVE DIGEST

Existing law (Welfare and Institutions Code Section 5775(f)) provides regulatory authority for implementation of Section 1810.100, *et seq.*, Title 9 California Code of Regulations. It is intended that, upon the adoption of the new regulations put forth in this package, existing regulations in Title 9 Section 1810.100, *et seq.*, will be replaced.

A public comment period of over 45 days was observed, ending with a public hearing held on September 16, 2005. The oral and written comments were considered and have been incorporated into the Final Statement of Reasons. Based upon the public comments, the proposed regulations were modified. These changes are reflected in the Final Statement of Reasons.

Pursuant to the requirements of Government Code section 11346.8(c), and section 44 of Title 1 of the California Code of Regulations, the Department provided notice to interested parties of changes made to the proposed regulation text. There was no response to this notice.

The broad objectives of the proposed regulation are as follows:

Assembly Bill (AB) 757 (Chapter 633, Statutes of 1994) enacted laws dealing with the provision of specialty mental health services to California's Medicaid (Medi-Cal) program beneficiaries. The statute provides for the phased implementation of managed mental health care through fee-for-service or capitated rate contracts with mental health plans (MHPs). It designates the Department of Mental Health, to the extent permitted by federal law, as the state agency responsible for developing and implementing MHPs. The design of managed care for California's Medi-Cal mental health program includes three steps, to be phased in over several years.

The first phase was the Medi-Cal psychiatric inpatient hospital services consolidation, as authorized by statute and based on the authority granted by a federal freedom of choice waiver under Section 1915 (b) of the Social Security Act, effective March 17, 1995. The Department adopted regulation sections 1700 through 1799 inclusively, in Chapter 10, in Division 1, Title 9, California Code of Regulations (CCR), entitled "Medi-Cal Psychiatric Inpatient Hospital Services."

This waiver was renewed and modified on September 5, 1997, to include the second phase, "Medi-Cal Specialty Mental Health Services Consolidation," with implementation beginning November 1, 1997. The Centers for Medicare and Medicaid Services (CMS) approved the renewal, modification and renaming of this waiver as the Medi-Cal Specialty Mental Health Services Consolidation waiver program on September 5, 1997, a second renewal on November 16, 2000, and a third renewal on April 24, 2003. The waiver program as approved April 24, 2003 will be in effect through April 27, 2005. The State's fourth waiver renewal was approved on April 26, 2005, to be in effect April 1, 2005 through March 31, 2007. CMS may approve additional renewals for subsequent two-year periods.

The Department will permanently adopt regulation sections 1810.100 through 1850.535 inclusively, in a new Chapter 11, in Title 9, Division 1, CCR, entitled "Medi-Cal Specialty Mental Health Services." This includes psychiatric inpatient hospital services consistent with Chapter 10, and new standards for additional services including rehabilitative mental health services, targeted case management, psychiatrist services, psychologist services, EPSDT supplemental specialty mental health services, and psychiatric nursing facility services. Chapter 11 implements, interprets and makes specific the requirements brought about by the changes in the law cited above for the second phase of the Medi-Cal managed mental health care program.

The final implementation phase will be capitation, to be phased in at a later date.